

‘Use RBS dividend to compensate small companies mistreated by banks’

[James Hurley](#), Enterprise Editor

August 19 2019, 12:01am, The Times



Paul and Nikki Turner were victims of the HBOS scam

A £1 billion Royal Bank of Scotland dividend should be used to help to fund a compensation service for small companies mistreated by the banking industry, according to a proposal that is gathering political support.

SME Alliance, an organisation representing small and medium-sized companies that are in dispute with financiers, has written to Sajid Javid, the chancellor, asking him to use funds from Royal Bank of Scotland to help to fund a redress scheme.

The [business banking resolution service](#) is aimed at companies that are too large to access the Financial Ombudsman Service but lack the financial clout to pursue claims through the courts. The scheme, which is due to be launched this year, is being set up by seven big banks in conjunction with small business advisers and representatives. The SME Alliance, which is involved in the service’s creation, has written to Mr Javid demanding “tangible support” from the Treasury.

RBS, which is majority-owned by the taxpayer after its bailout in 2008, said this month that it would pay £1.7 billion in dividends to shareholders, £1 billion of which would go to the Treasury.

Nikki Turner, a director of the alliance, asked if a proportion of this sum could be used to compensate those companies that had “valid case judgments” arising from the new redress scheme, which is designed to help those that previously been “unable to pursue court action or receive proper compensation”.

Tens of thousands of small and medium-sized companies were mistreated in the wake of the financial crisis. RBS, the nation’s biggest banker of small companies, was among the worst offenders, including through its [Global Restructuring Group](#), a restructuring division found to have harmed businesses that it was supposed to have been helping.

Ms Turner said: “Given their major involvement with the [small business] sector, it’s not surprising the body of evidence points to this conduct coming predominantly from the taxpayer-owned RBS. It would be really good to see some Treasury-led support for [smaller companies].”

The idea has garnered support from the DUP, the Northern Irish party that props up Boris Johnson’s government, and the Liberal Democrats.

Chuka Umunna, the Liberal Democrats’ Treasury and business spokesman, said: “Small businesses have over the past decade or so have been at the rough end of some totally unacceptable practices by the banking sector, and government was too slow to respond, particularly following the credit crunch. This can help to undo some of the damage and is an excellent idea which has our full support.”

The chancellor was invited to comment.